

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

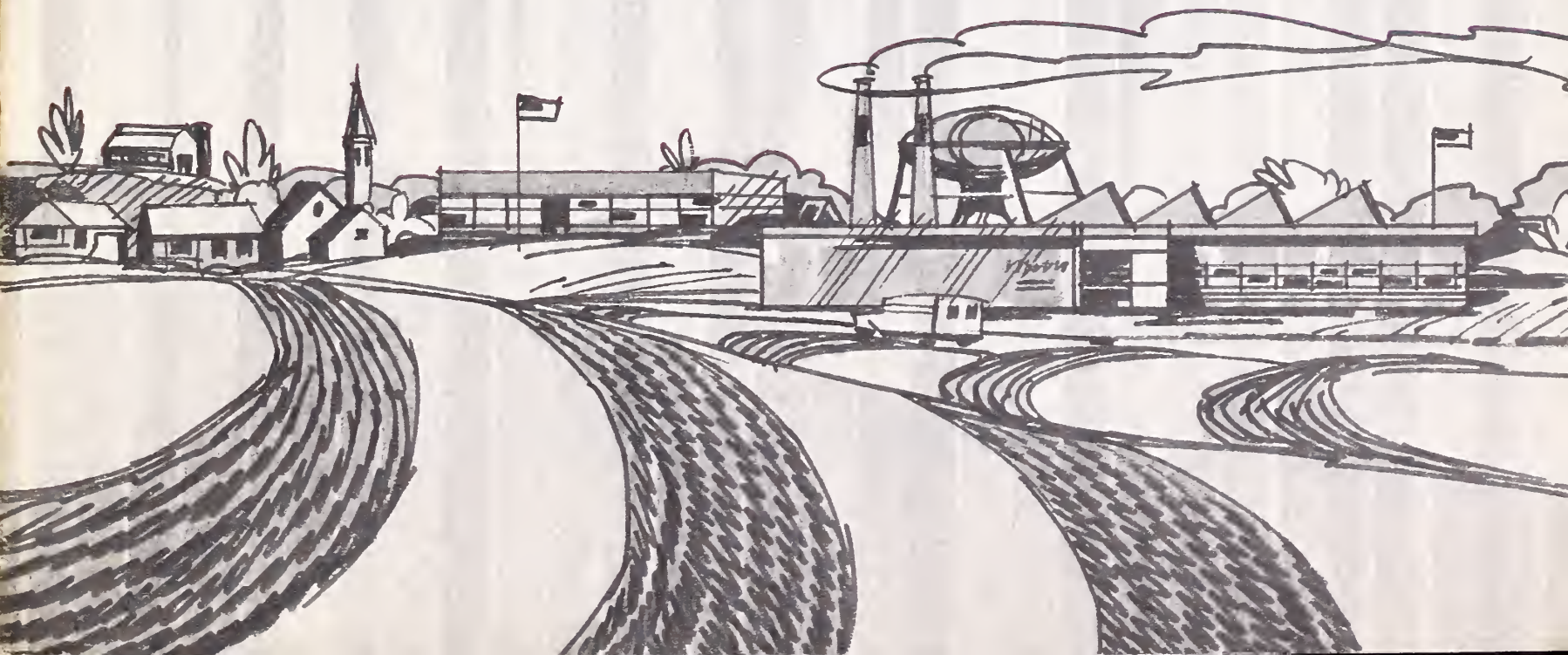
#894

5

UNITED STATES DEPARTMENT OF AGRICULTURE ☐ FEDERAL EXTENSION SERVICE ☐ PA-894

PLANNING FOR
RURAL
INDUSTRY

LIBRARY
MIG 27 1989



Foreword

This brief presentation of concepts and suggestions relative to the expansion of industry into the smaller cities and rural areas of the United States is intended to provide a thought-provoking guide for the use of Extension workers and citizen leaders in their efforts to help build better *Communities of Tomorrow*. It provides a synopsis of the basic theory and principles applicable to industrial development. It sets forth some basic guides to the analyses of a community's potential to attract and support industrial development. The suggested analyses of the character and feasibility of specific industrial proposals will need to be adapted and detailed to the specific projects to be evaluated. Overall, this presentation should serve as an educational reference, rather than a manual on specific procedures. The latter should be developed locally, on the basis of local statutes, development organizations, and local requirements.

Contents

	<i>Page</i>		<i>Page</i>
Introduction and purpose	5	The community's potential	19
Rural industry principles	6	What does industry want?	19
Migration and population	6	Importance of community cooperation ..	19
Locational advantages	6	What does the community offer?	19
Community environment	7	Making the facts known	20
Labor and wages	7	Exhibit C, appraising the community's	
Growth centers	7	potential (outline)	20
Metropolitan trends	8	Methods for scoring and rating com-	
Community objectives	9	munities	21
Organizing for rural industrial develop-		Correcting deficiencies	22
ment	10	Miracles seldom occur	22
Organizational needs	10	Project feasibility analyses	23
Relationships to local government	11	Exhibit D, making feasibility analyses	
Development corporations	12	of specific firms (outline)	23
Development districts	12	Preparing feasibility manuals	24
Base studies and development plans	12	Public development programs	25
Planning and promotion	13	USDA technical assistance and outreach ..	25
Need for comprehensive land-use		"701" planning grants	25
planning	13	Small Business Administration	26
Role of industry	14	Economic Development Administration ..	26
Promotion and incentives	14	Economic development districts and	
Attitudes toward industry	15	regions	27
Industry's contribution to community		Manpower development and training	27
development	16	USDA plant location center	28
Types of industry needed	16	Rural development loans and grants	28
Exhibit A, evaluating various types of		State development agencies	28
industry (outline)	16	Sources of information and counsel	29
Special problems	17	Selected references	29
Exhibit B, employment by industry			
groups	18		

Planning for Rural Industry

A guide for Extension educational programs designed to achieve greater understanding of the factors involved in developing and expanding rural industries.

—by E. C. Weitzell, Resource Development Economist

For more than 100 years, both industry and people have developed in and migrated to our great metropolitan areas. This concentration of people, commerce, and manufacturing has produced serious problems of poverty, pollution, and low quality living.

At the same time, the expanse of rural America begs for people to enjoy air, space, and water, as the “communities of tomorrow.” Can the trend toward concentration be reversed or substantially modified? Can industry and business establish efficient operations in the smaller cities, towns, and countryside? Do many people really want to live in a rural environment? Perhaps the answers are all *yes*, but to what extent?

As our population exceeds 200 million, the design of our economic and landuse structure will determine, in a large measure, the quality of living that Americans will enjoy. Do rural areas offer opportunities for economic growth? The availability of communications, transportation, and electric power has nullified the basic disadvantages of the hinterlands. Seaport and rail center locations no longer control economic activity to a major extent. In fact, some of our concepts of economic growth have been substantially modified by the flexibility in economic activity that results from modern technology.

Purpose of This Guide

The purpose of this guide to the planning of rural industry is threefold. *First*, it briefly presents *selected theoretical concepts relative to economic growth and rural industrial development*. *Second*, it suggests some of the components that may be used in *appraising a commu-*

nity's potential for attracting and supporting industrial expansion or development. *Third*, it suggests some factors that may be helpful in *appraising the contribution of a specific rural industry to the life and economic growth of a community*.

Community leaders should play a major role in the industrial planning process. It isn't enough for the business leaders to be involved. In many instances, objections to industry result from misunderstandings or the lack of information because the people have not been involved in planning. As a result, each side tends to mistrust the other. If the confidence of both are honored, community progress should advance more rapidly.

The community must appreciate the needs of industry, as a basis for a successful operation. And industry must appreciate the community, as a sympathetic and understanding citizen. A successful citizen relationship must be based on the concept that the industry will help build a better place to live, in exchange for the resources which will be utilized.

In addition to its value in guiding community planning and rural industrial development, this process should serve as a basis for conducting public affairs educational programs concerning industrial development. Citizen understanding is the first step in every sound community progress program. The process of appraisal and evaluation will assist in determining (1) what the *community* needs, (2) what the community wants, (3) what *industry* wants and needs, and (4) what the community must provide in order to attract and support preferred types of industry.

Rural Industry Principles

The aim of most towns and counties is to grow in population and economic activity. Growth means more business and more income. Income generally contributes to a higher level of living.

Industrial development is widely sought to cure the ills of unemployment and underemployment. Chambers of commerce, civic associations, and local governments sponsor various types of promotional programs for the purpose of adding to local economic growth. The Federal Government, through a number of agencies, attempts to solve unemployment and low income problems by encouraging industries to locate in rural areas of the country. Various types of incentives are available to industries that will locate in selected problem areas throughout Appalachia, the Ozarks, the South, and other rural areas. The basic theory underlying these public and private efforts is that rural industry can bring about sufficient economic growth to resolve problems of unemployment, underemployment, and low income.

Migration and Population

For generations, the excess populations from the open country and the small towns have depended on the opportunity to migrate to the metropolitan centers to find employment and a new way of life. The vast growth of technology in agriculture and industry since World War II has "stranded" large numbers of people, insofar as employment is concerned, because they do not have jobs in their home communities. Ordinarily, they expect to find a source of livelihood in the cities, and millions of them migrate to the metropolitan areas on the basis of this hope. The results are that our cities are growing beyond the limits of efficiency, safety, and social acceptability. Consequently a new theory of economic growth is rapidly developing.

A *new concept* is that industry and business should expand and develop in the towns and country areas, rather than continue to overcrowd the major metropolitan centers. This is the basis for emphasis, especially by Govern-

ment, on the provision of incentives to encourage the decentralization of industry and business and the development of the rural portion of metropolitan areas and nonmetropolitan districts.

Locational Advantages

Economic theory and experience have taught us that industries select particular locations because of specific advantages to be found in those areas. The availability of power and fuel and accessibility to markets were major factors in the development of the basic industries of the United States. Raw materials, transportation, adequate water supplies, and communication facilities are other major factors that industry has traditionally considered in selecting operating locations.

Here again modern technology has modified the importance of these factors. Modern communications and transportation have eased the stresses and permit greater decentralization than was practical in the early history of our development. Raw materials may be transported long distances, trucks supplement the railroads to go any place where roads and highways are provided, and markets are within reach of almost any location. Telephone and radio communications are available everywhere.

The availability of water has emerged as one of the most important factors in the location of many types of modern industry. The vast supplies of high quality water in rural areas are a prime incentive for the decentralization of industry. This will be even more true as the pressure on metropolitan water supplies increases during the years ahead.

This is not to say that locational factors are not important. It only means that the importance of these factors to specific industries has been modified by modern technology and the different requirements of certain of our newer industries. It still must be recognized that, generally, industry will locate where it has the greatest comparative advantages with respect to

the factors of production. We can't expect industrial expansion in areas that offer no advantages. It should be expected, and it is highly desirable, that industry operate as efficiently as possible, in order to serve the consumer at the lowest possible costs.

Community Environment

A major locational factor is that of living environment. "Industry is people," whether we think of them in terms of officials or workers. In many instances, an industry may turn down what may appear to be the most "economical" location, in favor of a better living environment for its employees. The availability of housing, schools, hospitals, recreation, parks, and many other community institutions are major considerations in the location of modern industry. Certain types of business and industry now seek open space locations in order to avoid many of the living problems that characterize the larger cities and metropolitan centers. The avoidance of air and water pollution which are rapidly becoming a major consideration in economic development is a prime consideration.

It is more and more apparent that the communities which are willing and able to provide a modern living environment will be more likely to attract industry. Industrial management usually recognizes that satisfied employees are more productive, more stable, and more loyal to their jobs.

Labor and Wages

Labor and wage competition has always been a major consideration in the location of industry. This is especially true of those industries requiring large numbers of relatively nontechnical labor. It is also true of those industries seeking large numbers of female workers, such as the textile mills.

Industries requiring professionally and technically trained workers are not influenced materially by the labor and wage question. This type of industry places greater stress on availability of high quality living for its employees, who may migrate long distances.

Low-wage industries sometimes are considered undesirable. Whether this is true or not depends on the needs and the alternative opportunities of the area in question. If the primary need is to employ relatively untrained and part-time workers, relatively low-wage industries may be the best alternative. Certainly the textile industry has added significantly to the economic growth of many southern communities that otherwise would not have had employment for the large numbers of women and other workers who are not in a position to migrate to other areas. In other words, the level of wages is a relative matter, depending on the available alternatives.

Another factor which causes considerable unrest in some situations is the relative wage scale to be paid by a new enterprise. On the one hand, existing operations may be employing people at relative low wages and are concerned with protecting this position. At the same time, the community is interested in upgrading wage levels wherever possible and a new enterprise may offer the possibility of a higher wage scale. These opposing objectives often create substantial dissension among local employers and community leaders. Careful analysis will set forth the facts concerning these situations before the community becomes obligated, and decisions can be made as to the best course to follow.

Obviously the objective should be to attract the most promising employment opportunities according to local needs. The available alternatives, however, may be limited because of numerous other considerations.

Growth Centers

In recent years, many industrial planners and Government officials have placed great emphasis on the concept that economic growth should be planned around established and proven *growth centers*. The basic contention is that it is more economical and less risky to make both Government and private investments in and around those centers which are already recognized as having substantial locational values and advantages. On this basis, Congress has authorized, through the Public Works and Economic De-

velopment Act and other legislation, the establishment of economic development districts around designated growth centers.

From the standpoint of decentralizing industry, however, the growth center concept should not be overemphasized. A particular community or development area may be served by a number of growth centers, or relocation of a single firm may initiate a new growth center. The point is that economic growth is not limited to a pre-designated town or metropolitan area. As indicated above, modern communications and transportation tend to modify the need for mas-

sive centralized development, and make decentralized development entirely practical.

Metropolitan Trends

It is frequently argued that it is useless to expect substantial industrial growth in town and country America. This viewpoint is based on historical trends, wherein approximately three-fourths of all economic growth has occurred in the larger metropolitan area. However, this trend has changed substantially in favor of the suburbs and rural areas in recent years.

Community Objectives

An early step in a rural industrial development program is to establish the objectives toward which the community will work. Has the community reached its potential for economic growth? What does the community really need and has this need been recognized by the people generally? Too often the aim is simply to "get an industry" without thinking about the objectives to be achieved and the type of industry that might fulfill these objectives.

Consequently, citizen leadership ought to participate in a thorough study and analysis of their community as a basis for planning a development program. The aim of this step in the development process should be to create an understanding of the resources available, the problems to be solved, and the opportunities that might be developed. An understanding of these matters is requisite to achieving community cooperation and support.

When the need for industrial development is established, specific objectives can then be formulated. One or more of the following aims might be applicable to any particular situation:

1. *It may be desirable to provide jobs in the rural areas and small towns*, rather than compel the unemployed to migrate to metropolitan centers in order to obtain jobs. The community analysis or base study may indicate a substantial number of people that need employment. Perhaps the unemployed consist of men, women, or teenagers especially during the summer. With the help of local employment security offices, more detailed studies of the unemployed should be made in order to arrive at a decision as to the quantity and quality of employment that is actually needed, and in turn, the type of industry that is needed.
2. It may be desirable to *increase the level*

of income. Perhaps a substantial number of the labor force is underemployed. Therefore, the aim may be to introduce types of full-time employment that will pay higher wages and allow workers to achieve a higher level of living.

3. Another aim might be to *increase the economic growth of the area* by seeking additional payrolls and additional workers who might move into the area. This objective may be based on the desire to expand the tax base and to achieve overall growth in the economic activity of the area. Special care should be taken in the case of this objective, to be certain that the community understands and supports the aim of community expansion and growth. The type of industry and workers to be brought into the community will be an important consideration.

4. A fourth objective may be to *expand the economic potential of certain types of production that already exist* in the community. Such possibilities include the manufacture of byproducts from existing industries, pulpmills, and furniture factories to process forest products, and packing firms to process the animal and poultry products grown in the community. Again, the aim is to increase total economic growth and complement the business activity of the area.

These objectives are not mutually exclusive, but they do serve to identify the major reasons why a community may wish to seek industrial expansion. The leadership of rural communities must understand these objectives, and appreciate the problems that may be encountered in living with new industries that might be located among the farms and other occupants of a rural area.

Organizing for Rural Industrial Development

Many types of organizations have been established to carry out the various phases of industrial development. Some are informal citizen committees, while others are quite formal private corporations or agencies of State and local government. In considering this matter, the *first step* is to explore the need for organization in terms of objectives. What do you want to accomplish, what geographic area is to be represented, and what type or types of organization might be needed. The *second step* is to inventory the existing organizations to determine what is already available to serve the community. In doing so, it will be essential that each existing organization be evaluated as to its adequacy to accomplish the objectives in mind. Is it sufficiently broad based? Does it represent all the interests of the community? Does it possess adequate resources? Do the charters and bylaws permit and authorize those functions that are needed? The *third step* is to select one or more existing organizations to implement a local development program; or to decide on the type of new organization that is needed. In some States, the selection may depend on the pattern already established by State development agencies. Close cooperation with such State agencies is extremely important.

Organizational Needs

The need for development organizations might be classified in four major categories:

- (a) Motivation and education.
- (b) Analyses and planning.
- (c) Promotion and action.
- (d) Financing and operation.

The fulfillment of these needs will depend on the character of the industrial program to be undertaken. Will it be entirely private, will it be a public development effort, or will it be a combination of private and public efforts?

Many communities are already served by one or more organizations having economic development as a major function. Chambers of commerce provide excellent leadership in many town and country areas. Many other private organiza-

tions have development committees or subcommittees.

Public development corporations are sponsored by local and State governments in many communities. Many States have enabling legislation under which public economic development associations or corporations may be organized. In some instances funds are available to such associations and corporations through State development agencies for financing planning and for supplementing loan and grant funds from other sources.

Private development corporations are authorized in most States, with and without direct assistance from State and Federal agencies. For example, the Small Business Administration, makes loans to small business investment companies to finance local businesses and private industries. Other types of private development corporations may be sponsored by both State and local governments, or may have no relationships to public agencies. USDA technical action panels may provide assistance in planning and organizing local development corporations.

With an inventory of the existing agencies in hand, the task is to determine whether they can meet the needs. This determination may be highly important in terms of the success of a rural industrial development program. It may be desirable to plan for two types of organizations to implement the successive stages of industrial development. The *first* might be a motivating and general planning type of organization (possibly a citizens' committee). The *second* might be a legal entity such as a development association or corporation, with powers to obtain grants and loans and to transact the types of business concerned.

In the absence of adequate existing organizations, it will be desirable to initiate community discussions about this matter. What are the basic needs and how can they be satisfied most effectively?

A county or area citizens' committee is a good starting organization. It should be selected from

the known leadership in a county, so as to represent all the interest groups that wish to participate. Various methods of identifying both men and women leaders may be used, but the most important factor is to recruit aggressive persons who will make decisions and act. Keep the committee as small as possible and yet large enough to include all interest groups, including representatives from organizations, local governments, and minority groups. Usually 20 or 25 members should be a maximum. If needed, additional leadership can be obtained for special subcommittees and task forces.

A broadly based citizens' committee may be the best procedure to bring the several competing interest groups together. A number of "single purpose" organizations may be in existence already, but their talents and resources need to be coordinated in a total community development program. Moreover, it is desirable to get various community leaders from the churches, labor organizations, schools, and minority groups involved in a community planning process. A properly selected and serviced citizens' committee is usually the only way to establish an educational channel and to activate the leaders that can get things done. Citizen understanding and support are requisite to a successful industrial development program. Moreover, the educational process should be a continuous updating of available information and evaluation of the results by the citizens involved.

If the area is a part of an economic development district funded by the Economic Development Administration, widespread citizen participation in preparing overall economic development programs is requisite to eligibility for grants and loans. Citizen committees, with proper leadership and guidance, can provide a basic motivating and educational force to get rural industry programs underway. Committees should be responsible for making area analyses and for formulating initial plans and recommendations. On the basis of such plans, the need for a more formal type of organization can then be decided.

Relationships to Local Government

The need for a close working relationship with local government cannot be overemphasized. Regardless of the geographic scope of the development organization, development plans should be formulated in accordance with those of the county and cities involved.

Special attention should be given to this need when working with multicounty development districts and areas. The aim should be to involve township, municipal, and county officials in coordinating their own development plans as components of overall district programs.

The orderly development of any area or district depends on compliance with sound land-use planning and zoning. Assistance should be given to local governments in their efforts to establish long-term landuse programs. The establishment of industrial parks and other industrial locations should be in accordance with the comprehensive development programs established by local government. This is essential from the standpoint of transportation facilities, sanitary sewers, water supplies, pollution abatement, soil types, and many other factors.

It is essential that a high degree of cooperation be developed between local government and industry. The community needs industry as a basis for economic support. At the same time, industry needs the protection and guidance that only local government can provide through sound planning and development. Incentives of various types can be provided through the cooperation of local government. Advice and assistance relative to many technical problems associated with obtaining public services are available only through local government.

Special care should be given to the development of a spirit of cooperation among development interests, community leaders, and public officials. Too often there is a tendency for local interests to ignore the contributions that industry makes to a community and to exaggerate the problems that industry may bring. The result is to create an adverse image in the minds of local residents. This type of situation can be avoided by encouraging a two-way cooperative relation-

ship between industrial interests and the long-term development needs of the community.

Development Corporations

When it is decided that industrial development is a desirable objective, and if loans or grants for financing subsequent phases of the development program are to be sought, it will be necessary to plan for a corporate type of organization. This is essential if the program is to be eligible to receive and disburse public funds of any type. It also is necessary in order to be able to enter into contracts and to operate any type of development facility, including industrial parks. *State development agencies should be consulted as to the most appropriate types of association or corporation and the resources available to finance them.* Technical and planning assistance also is available through some State development agencies.

Development Districts

Multicounty or area development districts are being sponsored and financed by the Economic Development Administration and by the regional development commissions. Several State governments have or are in the process of adopting statewide systems of multicounty development districts, more or less on the basis of communities of common interest, trade relationships, and similar factors. It is anticipated that greater emphasis will be placed on this type of organization in order to broaden the economic basis for planning and development activities. This trend is being assisted wherever possible by USDA agencies and Technical Action Panels.

The size of multicounty districts is of great importance. They should be large enough to represent a modern economic development unit, but small enough to permit easy communication and participation by all interest groups. The tendency is to plan them to cover much more territory than can be effectively served by the staff pro-

vided and too large to obtain effective citizen participation.

In working with multicounty development organizations, emphasis should be focused on the need to develop a practical working relationship with local governments and local development organizations. Otherwise multicounty development groups tend to expend their resources for base studies and generalized planning activities that never get reduced to reality at the local working level. *Local governments and local citizen groups need to be direct participants in multicounty work—financial contributions and membership on boards are not enough.*

In other words, area and district development bodies should be responsible for coordinating local planning and development programs. Their aims should be those of a motivator, a catalyst, and a reconciler of various local activities and concerns. In this matter, area or district plans should derive from component local plans, rather than to expect county and municipal development plans to be based on area plans.

Base Studies and Development Plans

The initial function of most economic development organizations is to prepare an *area analysis* and a *development plan*. The two should be sharply distinguished because of the tendency for many newly established development groups to prepare a “base study” or “area analysis” and to stop there. Such studies are desirable, but care should be exercised to ascertain that the available resources aren’t wasted on the compilation of voluminous statistical studies that have little or no value. Area analysis should be undertaken only to the extent that adequate current and reliable data are available and useful in the *planning and development* process to follow. This includes an understanding of the area, its problems, and its opportunities. *Development plans consist of proposals for action* to establish some type of expansion or addition to the growth of the area.

Planning and Promotion

The first step in an orderly and aggressive development program is to conduct the necessary base studies of the existing resources and facilities. Such studies should include the people, employment and unemployment, existing industries, land use, local government, taxation, and all phases of community facilities, institutions, and private businesses. The aim should be to assemble and interpret those facts which will be of concern in attracting industry and business to locate.

The term *base studies* involves special significance. Too often this effort turns out to be nothing more than an assemblage of outdated statistics without any evaluation, study, or interpretation. Consequently, they have very little impact on the thinking of industries that may be seeking locations.

A base study should be a careful analysis of the latest available data on all pertinent items. This analysis should bring out those facts that are important to the people and to the prospective industrial clients. It is highly important that the leadership of the community participate in the preparation of base studies and understand their content. It is not enough to assemble a brochure simply to fit the requirements of a Government financing program. It should be well prepared and the analysis should be presented in an acceptable form. Emphasis should be placed on the content and the understanding of that content by the community as a whole. A good base study will point out the deficiencies of a community's ability to attract industry, as well as to emphasize its strong points.

Need for Comprehensive Landuse Planning

The next step in community planning for industrial development is to determine the most desirable locations for industry in terms of the total landuse picture. This should be done through the preparation of a comprehensive landuse plan for the entire community. This

plan should indicate the land areas to be reserved for residential development, for open space and recreation, for business and commercial use, and for industrial purposes. A comprehensive plan should also provide a generalized layout of streets and thoroughfares, sanitation and storm sewers, parks, schools, and other major development requisites. This is a function of municipal or county government. If such comprehensive landuse plans are not available, it will be desirable to work with local government to initiate a planning and zoning program.

Planning is not enough. A means for carrying out community development according to the plan is essential. The only effective way that has been devised to do this is through landuse zoning.

The alternative to comprehensive planning for guiding industrial development, as a part of a total community plan, is to permit industry to locate without respect to other land uses. In some areas, industry is permitted to locate in a scattered fashion over the entire community. The result is a mixture of residential, commercial, and industrial development; and a very undesirable community environment, without respect to soils, drainage, waste disposal, traffic congestion, noise, odors, and numerous other important factors.

It may be desirable to set aside suitable areas for industrial parks where appropriate transportation, communications, and other facilities can be provided in advance as an incentive for high-class industry to locate in the area. The minimum that should be done is to delineate the geographic areas within which industry can be developed without destroying land values for residential and other uses.

Another reason for avoiding scattered industrial development is the high cost of providing public services to this pattern of land use. Industry, like all other development, needs storm and sanitation sewers, water, power, communication services, and roads. Scattered development means that local government must invest unnecessarily large sums in an effort to provide

a minimum of services to each location. This is a burden on the industry, as well as the entire community.

Role of Industry

The role of industry in community development is more than to supply a payroll, however important this may be. It should be recognized that the strength of a local economy is dependent on a balance of residential, business, and industrial development. Without a reasonable balance among the various types of development, residential property must carry an unnecessarily high tax burden because most of the need for public services derives from the adequate protection and servicing of people. The alternative is to share this cost with business and industry which do not require the same intensity in governmental services. A balance of industry, commercial, and residential uses minimize the burden of public costs on any specific element of the economy.

Promotion and Incentives

Industrial promotion has become a part of the development activities of most progressive communities. Chambers of commerce, civic organizations, and local governments usually join in planning and carrying out industrial promotion activities. Substantial sums of money are expended for literature, advertising, and mass media programs for the purpose of enticing industry to locate in their particular communities. All too often emphasis is placed on superficial qualities of the area rather than on an objective analysis of the community's potential to support long-term industrial development.

Disadvantages and weaknesses are seldom, if ever, made a part of the community's appraisal and evaluation. Consequently the leadership of the community and the people actually are not aware of their weaknesses. This is one of the most widespread fallacies in industrial development programs throughout the Nation. *The alternative is to frankly and honestly appraise the community's advantages and disadvantages and to make such improvements as may be practical*

in order to encourage balanced community development. In many instances, a community gets passed over by a desirable industry simply because it doesn't have the facilities needed to support industry, and doesn't have any plans to provide them.

There are many divergent opinions with respect to the desirability of providing development incentives and subsidies of various types. For many years some State and local governments have attempted to influence the location of industry by the provision of tax moratoriums and reductions, free sites, and rent-free buildings. These incentives have been justified by local development interests on the basis of a need for payroll.

Opponents to this type of promotion maintain that it invites frequent transfers from one area to another and tends to attract weak and inadequately financed enterprises which have a high failure rate. They further maintain that soundly financed and otherwise desirable industry will not be influenced by incentives and does not need them. They take the position that adequate planning and the provision of essential public facilities are of greater importance to the location of desirable industrial development.

Undoubtedly there is merit to all three points of view. There is no question but that adequate planning of industrial parks and the provision of high quality public facilities should have an important influence on the decisions of those officials who will select locations for new and expanded industry. At the same time, it is unlikely that many communities will forego their urge to compete by offering incentives and subsidies of various types. This opinion is supported by proposals now before the Congress to establish Federal incentives to industries that will locate outside of metropolitan areas.

In this respect, there is a need to distinguish between large and small industrial firms. The larger national firms obviously do not need subsidies and are less likely to be influenced by local types of incentives. However, smaller firms, employing fewer than 500 persons, are more likely to be interested in incentives because of their need for capital. This is especially true of new firms and businesses. Experience has indicated

that firms of all types and sizes may be interested in accelerated depreciation and similar types of State and Federal incentives.

Attitudes Toward Industry

In planning an industrial development program, the attitudes displayed by local leaders, the press, and all persons who serve the public may be exceedingly important. Industry representatives are frequently influenced by attitudes they observe, especially with respect to zoning

and other factors which may affect their location and operation. Progressive communities may wish to conduct training workshops and schools to train their people in “public relations” and community support. The attitude displayed by local government, especially the departments of public works, planning, and building inspection also are extremely important. Is their objective to facilitate industry or to place obstacles in its path? These factors have much to do with the creation of a negative or positive community image in the minds of industrial prospects.

Industry's Contribution to Community Development

While industries are evaluating communities as a basis for selecting desirable locations, community leaders should be evaluating industry. It is sometimes said that "There is a place for every type of industry." It is important, however, that industries find their proper place or location, not only in terms of their own interests, but in terms of the best interests of the communities involved.

Community leadership should recognize the need for advanced studies of the various types of industry and how the community might meet the particular needs of specific industries. Will a specific industry help solve the community's problems or be a contributor to more and greater problems? Which type of industry most nearly meets the needs of *expanding employment, raising the level of wages, adding to economic growth, or complementing existing production?*

Types of Industry Needed

The community should decide what its needs are. It should establish goals and performance standards that a new industry should meet. With these in mind, community leaders are in a position to talk with industrial representatives and to intelligently explore various possibilities.

It is obvious that not just any industry will be acceptable to many rural areas. In some cases, local leadership may wish to maintain the status quo, or it may desire to avoid certain types of industry.

Are the unemployed competent to work in industries requiring substantial skills or is the need for unskilled labor? Can they be trained? Or is the primary need to provide employment for housewives? In each instance, the type of industry is important.

Will training be necessary? Can this be provided as a basis for raising the level of wages and income? Who will finance and provide necessary training and retraining? Will part-time employment satisfy some of the needs?

It is not always possible to obtain exactly the type of industry that may be desired. Every

community would like to have the highest possible level of income and economic growth. The question of alternatives must be considered and understood. Likewise, alternative industrial developments should be part of the community's plan.

The following outline (Exhibit A) indicates the items that might be covered in analyses that community leaders might make as a basis for determining the contributions that various types of industry might make toward community resource development. This outline should be amended as local conditions and interest seem to demand.

It should be observed that most of the information needed for this type of analysis is not readily available. It must be obtained from various sources. Extension specialists desiring to utilize this discussion approach will find it essential to assemble background data on the several items. The principal use of this outline is to provide a structure for discussion purposes—to aid in visualizing the importance of establishing community objectives in terms of the types of industrial development that might be available.

Exhibit A

Outline for Evaluating Various Types of Industry

I. *Type of industry*

- A. (See Exhibit B for a partial list of the types of industry as classified by U.S. Census Bureau.)
- B. Relationships to local economy.
 - 1. Use of local raw materials.
 - 2. Complementary to existing industry.
 - 3. Completely new addition.
 - 4. Dependence on related industries and services.
- C. Basic requirements.
 - 1. Capital intensity.
 - 2. Labor intensity.
 - 3. Water.
 - 4. Fuel and power.

- 5. Raw materials.
- 6. Other special requirements.
- II. *Historical characteristics*
 - A. New products or processes.
 - B. Expansion of established firms.
 - C. Relative stability in terms of tendency to change locations.
 - D. Growth history, last 10 years.
 - E. Dependence on short-term military and research contracts.
- III. *Overall probability of success*
 - A. Financial experience last 10 years.
 - B. Marginality of operation and growth.
 - 1. Size and volume of firms.
 - 2. Financial backing of individual firm or units.
 - 3. Demand for product as a necessity or luxury.
 - 4. New or obsolescent equipment and methods.
- IV. *Employment characteristics*
 - A. Primary employment.
 - 1. Skilled, unskilled and professional.
 - 2. Full and part time.
 - 3. Men and women.
 - B. Wage levels, by classes.
 - 1. Union or nonunion.
 - C. Likely dependence on local labor.
- V. *Financial requirements*
 - A. Entirely self-financing.
 - B. Financing and other types of assistance expected from the community, and on what basis.
- VI. *Environmental feasibility*
 - A. Air, water, and soil pollution possibilities.
 - B. Relative freedom from offensive odors and noise.
 - C. Conformity with zoning and other requirements of local government.

VII. *Summary, contributions to the local economy*

- A. Probable level of economic benefits.
- B. Intangible benefits.
- C. Negative factors.

VIII. *Conclusions and recommendations*

- A. Most desirable industries in terms of varying local needs and local resources.
- B. Contributions to the economy.

Special Problems

Community leaders should be especially aware of the possibility of water, soil and air pollution, obnoxious odors, obnoxious noise, and the relative stability of particular industries and firms.

The first three should be carefully considered in terms of possible locations, and the ability to control them through local government. Noise may not be a factor if suitable locations are available. In any event, close cooperation with local government should be established as a basis for obtaining technical guidance relative to these matters.

Perhaps one of the most frequently neglected characteristics of certain industries is that of stability. Is the particular firm in the habit of moving frequently because of labor problems or in order to avoid taxation? Careful checking may be necessary to determine the past history of the potential firm. Some small industries are moving readily because they do not involve substantial fixed investments. Therefore, when faced with the possibility of lower taxes or lower wage rates in some new location, they tend to move on. This is not a desirable type of industry or firm, unless this characteristic can be overcome.

Exhibit B

Employment by Industry Groups, 1958-1966 ¹

Industry Group (Manufacturing)	Number of "All" Employees— (Thousands)	
	1958	1966
Food and kindred products.....	1, 718	1, 642
Tobacco manufactures.....	84	72
Textile mill products.....	903	927
Apparel and related products.....	1, 181	1, 360
Lumber and wood products.....	585	570
Furniture and fixtures.....	348	428
Paper and allied products.....	551	634
Printing and publishing.....	865	1, 018
Chemicals and allied products.....	698	822
Petroleum and coal products.....	179	141
Rubber and plastics products, n.e.c.....	348	492
Leather and leather products.....	349	341
Stone, clay and glass products.....	553	619
Primary metal industries.....	1, 092	1, 297
Fabricated metal products.....	1, 061	1, 252
Machinery, (exc. elec.).....	1, 350	1, 804
Electrical machinery.....	1, 126	1, 814
Transportation equipment.....	1, 562	1, 890
Instruments and related products.....	286	363
Misc. mfg. (incl. ordnance).....	592	419

¹ Adapted from 1963 and 1966 Census of Manufactures, General Summaries U.S. Department of Commerce, Bureau of The Census 1966

The Community's Potential

In considering the possibilities for industrial development, perhaps the most important factor is the alertness of community leaders and their knowledge of the requirements of modern industry. Aggressive leaders will study the trends in their State and their communities, and explore the reasons why industries seem to like or dislike their locations. On the basis of such overall considerations, comprehensive community development programs can be planned and implemented. Industry is just one component of an overall development program. It is important however, to recognize that the ability to attract high quality industry will depend on many other features of community development programs.

What Does Industry Want?

Community leaders should place themselves in the position of the industry official who is looking for a location. What would you look for if you were looking for a new place to work and a new place to live? Literally, industry is people—the officials and their workers. They are looking for a location within which to carry out a profitable operation. They are also looking for an environment in which they can achieve a high level of culture and high quality living.

Industries vary in their specific needs, depending on the type and size. Some require a minimum of public facilities and public services. The more desirable modern industries, however, tend to require a maximum of services and facilities.

The availability of adequate housing, schools, restaurants, and food services may be important factors to some industries. Housing is especially important where a number of officials and employees are to be transferred from another location.

It should be recognized, also, that certain industrial plants might locate almost any place, insofar as basic resources are concerned. The selection may depend primarily on the choice of the president of the firm or the official family. They may look for sites close to recreational centers and vacation areas, or they may choose a

location primarily because it seems to be a nice place to live.

Many types of modern industry require large quantities of water, with a high degree of purity. Some prefer to be located near a coal supply; others may not be concerned with these items, but are looking for low-cost electrical power supplies as a major requirement. Community leaders must understand these special needs and plan so as to attract those types of industries that are most desirable.

Importance of Community Cooperation

The cooperation of local organizations and local government may be the greatest incentive that could be provided. Industries have problems just as families do. If they can be assured that the community will help solve their problems, rather than turn against them, they are likely to be inclined to provide every reasonable assistance to the community. Therefore, the creation of a positive attitude in the community toward growth and change should be a part of the development effort.

Industry often needs changes in zoning ordinances and assistance in solving waste disposal and pollution problems. It is important that the residents in the area understand these problems and assist in finding agreeable solutions, rather than create blind opposition. This doesn't mean that industries should be permitted to ignore the interests and values of other citizens. It is simply a matter of arriving at workable decisions, if the benefits of economic development are to be realized. Extension agents can provide leadership in assisting community leaders to make objective analyses of such problems and in arriving at sound solutions.

What Does the Community Offer?

It is important that the residents of a community are aware of those features of their neighborhood which will serve industry. *It is equally important that they understand their*

deficiencies and that they are willing to take the necessary steps to correct and overcome their deficiencies. In many instances, industry will be willing to cooperate in communitywide development programs, if local government and local organizations provide aggressive leadership. An industry worth having will be a good citizen; but first the community must provide the type of environment which will be attractive and productive.

Making the Facts Known

It is highly important that industries looking for locations be able to obtain information about those communities offering potential sites. The community must assume the responsibility for making the facts known.

It pays to advertise for industry, just as it pays to advertise any other goods or services.

Therefore, plans should be made to prepare appropriate brochures and factual studies that will help the executives of industry to decide on a particular location. These studies may be very general or they may be highly detailed, depending on the resources that local development organizations are willing to put into their preparation. In many instances, local businesses may be willing to contribute resources for this purpose. Power companies and cooperatives are especially interested in community development work. They may provide outlines and assistance as a basis for the preparation of industrial development studies and brochures.

Exhibit C

The following outline suggests some of the items that might be included in appraisals of community potentials for industrial development:

Outline for Appraising the Community's Potential

I. Base study of Community and County

A. Location, geography, climate, soil types, and land use.

B. Population, growth trends, age, and sex composition.

C. Character of local governments.

D. General characteristics of the economy.

II. Economic Characteristics

A. Employment and unemployment.

1. Types of existing industries.

2. Current wage levels—range and major skills available.

3. Number of men and women employed.

4. Number of men and women unemployed.

5. Number of families on public welfare.

6. Educational levels achieved by majority of employable persons.

7. Trends in migration from area.

8. Labor organization and problems.

B. Assessments and taxation

1. Types of taxes levied by State and local governments and rates for each.

2. Property assessment policies of local governments in relation to market value and construction costs by classes of property.

3. Ad valorem tax rates by property classes; current and 5-year trend.

4. Five-year trend in local government expenditures.

C. Adequacy of utility services and costs.

1. Water supplies and rates.

2. Gas supplies and rates.

3. Electric power supplies and rates.

4. Telephone service and rates.

D. Land values.

1. Residential values.

2. Industrial land values.

E. Types of housing available.

1. Value ranges.

2. Rental ranges.

III. Public Facilities and Services

A. Protection and sanitation.

1. Waste disposal services and facilities.

2. Police protection available.

3. Snow removal practices.

4. Fire departments and equipment.

5. Relative freedom from flooding and storms.

B. Education and training.

1. Public, parochial, and private schools available—elementary, secondary and colleges.

2. Teacher salary ranges.

3. Enrollment and number of teachers.
4. Vocational training facilities.
5. Libraries.
6. Religious institutions.
7. Other cultural features.
- C. Planning and zoning.
 1. Status of landuse planning.
 2. Major zoning restrictions and controls.
 3. Lands available for industrial development.
- D. Industrial resources and policies.
 1. Public industrial park facilities.
 2. Industrial sites and buildings.
 3. Governmental incentives for industrial development.
- E. Public health programs.
 1. Hospitals and clinics.
 2. Inspections and controls.
- F. Public recreation.
 1. Parks and playgrounds (State and local).
 2. Playgrounds.
 3. Historical and scenic resources.
- G. Local public attitudes and policies relative to industry and community growth.
 1. Reputation of local government.
 2. Law enforcement policies.
- IV. *Private Facilities and Services*
 - A. Private recreational facilities.
 1. Country clubs and golf courses.
 2. Boating and sailing facilities.
 3. Boys and girls clubs.
 4. Bowling alleys.
 5. Theaters.
 - B. Health facilities.
 1. Hospitals and clinics.
 2. Convalescent and senior citizen homes.
 - C. Hotels and motels.
 - D. Banking and credit institutions.
 - E. Cultural resources.
 - F. Merchandising and shipping facilities.
 - G. Radio and television services.
 - H. Legal services.
- V. *Industrial Resources*
 - A. Industrial parks and facilities.
 - B. Industrial buildings available.
 - C. Industrial lands—acreage available and acquisition values.
 - D. Development corporations or associations.

VI. *Transportation Facilities*

- A. Water transportation available.
 1. Harbor and docking facilities.
 2. Types of shipping available.
 3. Freight rates.
- B. Air transport facilities.
 1. Passenger services.
 2. Freight services and airport charges.
 3. Private plane facilities and services.
- C. Surface transport facilities.
 1. Railroads servicing the area.
 - (a) Facilities, services, and rates.
 2. Bus service.
 3. Highways and toll roads.
 - (a) Major trucking facilities.

VII. *Civic Organization and Programs*

- A. Location and membership of nearest civic clubs.
- B. Chamber of Commerce program.

VIII. *Summary and Conclusions*

- A. Major resources to support industry.
- B. Basic deficiencies and plans to correct.

Methods for Scoring and Rating Communities

Extension resource development specialists may be interested in utilizing the foregoing outline as a basis for preparing a method for scoring and rating the industrial potentials of a series of communities. This can be done by selecting as many items as seem to be appropriate to the particular State or area and assigning weighted scores to each, depending on their relative importance. Obviously it is necessary to be as objective as possible in assigning such weighted scores for each item and this may be done by obtaining the consensus of a number of knowledgeable people. With such an instrument as a standard, communities and local industrial development organizations might use the scoring process to create awareness of the extent to which a particular location may be deficient or may satisfy the basic requirements. The weights assigned to the various factors will depend on the character of the community and the type of industry which is desired.

The data required to prepare a community analysis of the type suggested here are not avail-

able from standard sources. Most of it must be gathered from local agencies, organizations, business firms, and local government. Considerable time and expense may be required, depending on the extent to which the entire community joins in the effort.

Correcting Deficiencies

Community appraisals may indicate numerous deficiencies in the ability to attract industry. Decisions then must be made as to whether it is desirable to correct these deficiencies. Large public and private investments may be required to finance water and sewer systems, for example. Therefore, serious consideration by local government and community leaders will be requisite to decisions on these matters.

In planning community facilities, they should be designed to serve the types of industry that

the community feels are most desirable. Special attention should be given to making them a part of the comprehensive community development plans.

Miracles Seldom Occur

Perhaps a warning should be noted. Community leaders should not expect too much—too quickly.

Many observers point out that some communities work for 8 or 10 years, before they get the type of development that is desired. Industrial location is keenly competitive and many communities may be endeavoring to attract a single firm. Consequently, it is important that citizen leaders and local governments realize that industrial development may not be an easy task. It may take time, patience, and substantial investments before success is realized.

Project Feasibility Analyses

In their zeal to attract new business and industry, community leaders often are not mindful of the fact that many new enterprises fail. In many instances they fail for more or less obvious and simple reasons. The following factors are among the more frequent contributors to this problem :

1. They are not large enough to carry essential overheads and produce efficiently.
2. They may lack working capital.
3. Their machinery and equipment may be obsolete.
4. Their management may be inexperienced and untrained.
5. They may lack adequate accounting controls.
6. Marketing techniques may be ineffective.
7. Production may be of low quality.
8. Production costs may be too high.
9. Labor may be inadequately trained.

All of these factors point to the need for thorough prior planning and feasibility analysis. Any projects in which the community becomes involved or which are sponsored by community organizations should be carefully analyzed to determine that they have a reasonable possibility for success. Too many community-sponsored projects have been *promoted* without adequate attention to the facts.

Certain types of projects, especially those involving recreation, are characterized by seasonal income patterns. This means that they are productive for only 3 or 4 months of the year. In other cases, the cost of raw materials or the cost of marketing may be excessive. In still other cases, it may be impossible to achieve the quality of production that is necessary to compete in national markets. Carefully planned feasibility analysis can bring these matters to the attention of community leaders and avoid serious disappointments that otherwise may occur.

Residents of the community and local government should not be asked to invest in new rural industries without reasonable assurance that their investments will be secure. The stability of the firm to be financed should be thoroughly

explored. What is its history? Does it have a background of relocation every 2 or 3 years? Will the investments made by the community be justified in terms of the contribution made to the local economy? Too often, inexperienced entrepreneurs of small plants and businesses are misled into believing that low-cost Government loans and local contributions will enable the operation of a successful enterprise without actually knowing the pertinent facts that will determine success or failure.

The following outline (Exhibit D) indicates some of the major factors that should be included in the feasibility studies of community sponsored rural industrial proposals.

Exhibit D

Making Feasibility Analyses of Specific Firms

- I. *Experience of Management*
 - A. Past results.
 - B. Backing by parent corporations.
- II. *Capital Requirements*
 - A. Land and buildings.
 - B. Equipment and automation.
 - C. Working funds.
- III. *Sources and Amounts of Capital*
 - A. Owners or operators equity.
 - B. Capital to be provided locally.
 1. Grants and contributions.
 2. Stock.
 - C. Public and private credit.
- IV. *Capital Costs—Annual*
 - A. Debt service.
 1. Principal.
 2. Interest.
- V. *Operating Expenses*
 - A. Cost of raw materials.
 - B. Labor.
 - C. Power and fuel.
 - D. Transportation.
 - E. Management and technical assistance.
 - F. Taxes, licenses, and fees.
 - G. Depreciation and insurance.

- H. Marketing and advertising.
- I. Repairs, maintenance, and supplies.
- J. Miscellaneous costs.
- VI. *Marketing Analyses and Income Estimates*
 - A. Relative supply-demand situation.
 - 1. Quality considerations.
 - 2. Seasonal factors.
 - B. Sale of products.
 - 1. Estimated volume to be marketed.
 - 2. Estimated price to be received per unit.
 - 3. Gross annual receipts.
- VII. *Estimated Net Income*
 - A. Gross receipts.
 - B. Annual expenses.
 - 1. Capital costs.
 - 2. Operating expenses.
 - 3. Total expenses.
 - C. Net income or margin.
- VIII. *Conclusions*
 - A. Is project economically feasible?
 - B. Does proposal satisfy needs of community and fit into the environment which the community wants to achieve?
 - C. Long-term outlook for successful operations. Can it compete?
 - D. Is the industry likely to be a good "citizen" in the community development and welfare?

IX. *Community Feasibility*

- A. Investment in public and private facilities and services required.
 - 1. Willingness of community to make the investments and bear the costs.

Preparing Feasibility Manuals

Extension specialists will wish to adapt the above outline to specific types of projects. Feasibility manuals should be tailored to the specific characteristics of the projects under consideration. Recreation projects, charcoal manufacturing, marketing cooperatives, vegetable canneries, livestock auctions, packing plants, textile mills, grain elevators, electronic assembly plants, and many other types of enterprises will require variations in the feasibility analysis. It will also be essential to adapt the study outline to profit and nonprofit types of operation.

The major aim should be to consider those factors which will be important in a successful operation and in providing assurance that the community's investment will not be wasted. It is also important to recognize the community investments that will be involved in providing the essential public and private facilities to support industrial development.

Public Development Programs

Several types of financial and technical assistance programs designed to develop and expand industry are administered by Federal and State agencies. They include grants for planning assistance, grants and loans for public facilities, loans for constructing and operating small businesses and industries, grants for training and retraining industrial employees, and direct technical assistance for both planning and aiding industrial development. Some public assistance programs of the above type are available on a limited basis, while others are open to participants from any and all locations.

State departments of commerce, planning and economic development administer development programs of varying degrees of intensity. Some of the larger States devote substantial resources to this function, and have established departments of "community affairs" to assist in community planning and development.

A number of multistate regional and multi-county area organizations are sponsored by both Federal and State Governments for the purpose of implementing comprehensive planning programs and developing resources of all types. The Appalachian Regional Commission was the first of a new type of regional development program sponsored by the Federal Government. Other similar regional commissions have been established under the provisions of the Public Works and Economic Development Act. Economic development districts represent another new type of corporation for the purpose of comprehensive planning and resource development. The principal aim of this type of organization is to enable local governments to work together and pool their resources in order to advance economic growth.

Most Federal development activities require the participation and cooperation of State and local development agencies. In fact, most Federal grants are available only on the basis that State and local participants will share in the cost of the projects concerned. The following brief presentation describes the more important

Federal and State programs for assistance to industrial development.

USDA Technical Assistance and Outreach

Representatives of the several agencies of the Department of Agriculture are organized as Technical Action Panels on regional, district, State, and county bases. The Technical Action Panels include membership or participation by other appropriate Federal, State, and local agencies. Their principal functions are: (1) to provide technical assistance to citizen committees and other development organizations and (2) to identify needs and facilitate the application of Federal programs to meeting the needs of rural and town people. This "outreach" function includes assistance in adapting various programs to specific rural needs, and actually making them available to groups and organizations and individuals that can benefit.

Representatives of the Cooperative Extension Service are members and participants in TAP activities at the various levels. Extension has a major obligation to provide organizational and educational assistance to citizen committees and other local organizations. Extension also is responsible for providing educational support to the various Federal resource development programs, as a major component of the "outreach" function.

"701" Planning Grants

Section 701 of the Federal Housing Act of 1954, as amended, provides grants to supplement State and local funds for financing comprehensive planning activities. Grants may cover up to two-thirds of the total cost of the planning project, except for designated EDA redevelopment areas and Appalachia where they may be as much as three-fourths of the total cost of the planning project.

Grants are made to State planning agencies for strengthening their planning activities and

to local planning agencies for establishing and carrying out specific planning programs. Substantial freedom is allowed in the use of 701 planning funds to meet the unique needs of each individual community. (The Housing and Urban Development Act of 1968 (S. 3497) includes provisions to authorize 701 grants for *district* and *metropolitan area* planning.)

Grants are available to municipalities of less than 50,000 population, counties, Indian reservations, and regional planning agencies as they are authorized to perform planning work and with the approval of State planning agencies. They must also be eligible to receive and expend Federal and other funds and to provide the non-Federal share of the project costs.

Although 701 funds are not specifically tied to industrial development, they may be used to carry out basic planning programs which are requisite to sound land use, zoning, and the planning of industrial locations.

Small Business Administration

The Small Business Administration administers loans and technical assistance for the benefit of small business developments. Participation loans and loan guarantees through banks and other private lending institutions and direct loans are available to small businesses that cannot obtain private financing for construction, conversion, and expansion of facilities and for working capital.

The maximum Small Business Administration loan to an individual borrower is \$350,000. The maximum loan period is 10 years for regular business loans and 6 years for working capital. Interest rates vary but are generally equivalent to the cost of money to the Treasury of the United States.

To facilitate the participation of private investors in small business financing, SBA is authorized to make equity capital and long-term loans available to small business investment companies that are appropriately organized and licensed by SBA. Resources of SBIC's may be used to finance small companies of various types. They also may supply management assistance to their borrowers.

Section 502 of the Small Business Investment Act of 1958 authorized SBA to make loans to local development companies incorporated for the purpose of expanding small businesses in communities needing additional employment opportunities. The specific rules and regulations for governing the operation of local development companies vary with the size of the community. For example, in communities having a population of 5,500 to 10,000, the development company must provide 15 percent of the local project cost and the remaining 85 percent may be obtained through an SBA loan. In communities of less than 5,500 the development company may finance as little as 10 percent of the project cost.

SBA also provides various types of management and technical assistance to small businesses. These may include training for small business owners, management counseling, publications, and engineering and economic surveys for assisting the development of small business. For these various purposes a small business is defined as one that is independently owned and operated and is not dominant in its field. More specific criteria with respect to the above programs are available in literature which may be obtained from SBA field offices and from county Extension offices.

Title IV of the Economic Opportunity Act authorizes SBA to make participation or guarantee loans up to \$25,000 for financing business concerns that will employ long-term unemployed workers. These loans may be made for a period of 15 years. They are limited to persons who are unable to qualify under SBA's regular lending program or to obtain financing from private sources. Similar loans and technical assistance are available through the small business development centers.

Economic Development Administration

The Economic Development Administration administers the Public Works and Economic Development Act of 1965. The basic policy of this act is to provide financial and technical assistance to areas of unemployment and underemployment. Such areas are designated for EDA assistance on the basis of employment criteria

established by the act. The act also provides for the establishment of regional economic development commissions and economic development districts. Both are described below in more detail.

Grants and loans are available for financing public works and development facilities to public and private nonprofit agencies in designated redevelopment areas. Direct grants up to 50 percent of the cost of public works projects may be made. Supplementary grants may be available in areas of serious economic distress but in no case may they exceed 80 percent of the total cost. Projects must contribute to the creation of new jobs and higher levels of living. Thus, they may be made to finance various types of public facilities in support of industrial expansion and development.

Business loans and working capital guarantees may be made to private business and local development corporations for the creation of employment in designated redevelopment areas. Loans may constitute 65 percent of the total cost of a project including land, building, machinery, and equipment. An additional 15 percent must be provided in the form of equity capital or a subordinate loan. At least one-third of this portion must be provided by local government or a local development organization. Loan guarantees may be obtained for 90 percent of working capital loans obtained from private lending institutions.

EDA also provides grants for financing technical assistance, and provides direct assistance through its own staff or by contract with consultants. Assistance may include feasibility studies for industries, assistance to management and operations, studies of economic growth potentials, and other related assistance. This program is not limited to designated areas but to priority situations needing this type of aid.

Economic Development Districts and Regions

“Economic development districts” may be organized under the provisions of the Public Works and Economic Development Act. Each district must contain two or more designated redevelopment areas and at least one designated

growth center, along with other areas that round out a community of interest. State development agencies must concur in the boundaries of EDA districts and the jurisdictions involved must agree to cooperate in the development effort. The economic development district must be organized under appropriate State statutes and must prepare and obtain EDA approval of an OEDP as a basis for obtaining financial assistance. Public works grants and redevelopment loans are available to redevelopment areas and growth centers within the districts. A 10 percent bonus is added to public works grants for projects financed within EDA district boundaries.

The Public Works and Economic Development Act also authorizes the Secretary of Commerce to designate appropriate “*economic development regions with the concurrence of the States in which such regions will be wholly or partially located.*” With the organization of regional commissions consisting of State Governors and Federal representatives, grants are provided to finance the preparation of regional economic development programs. Such programs then may be submitted to the Congress for authorization and appropriations, or specific components may be financed and implemented in other ways. Although economic development programs may be quite comprehensive in nature, priority is placed on components which contribute to the alleviation of unemployment and the advancement of economic growth. The expansion of all types of industry and business and the provision of essential public facilities may be a part of a regional economic development activity.

Manpower Development and Training

Under the Manpower Development and Training Act the Departments of Labor and Health, Education, and Welfare provide testing, counseling, training, and job placement assistance for unemployed and underemployed persons needing full-time employment.

Under section 241 of the Manpower Development and Training Act, funds are set aside for training in areas designated by the Economic

Development Administration. EDA works with the Department of Labor and the Department of Health, Education, and Welfare to carry out this program.

The Department of Labor through the State employment services is responsible for testing, selecting, and placement of the trainees. Department of Health, Education, and Welfare is responsible for training through the State departments of education or other appropriate public or private agencies. This program can be of invaluable assistance to the expansion and initial establishment of local industries.

The Department of Labor also administers a "Small Communities Program" for the purpose of stimulating and supporting community efforts to expand business and industry. Emphasis is placed on identifying and testing available unemployed workers, the preparation of manpower and economic resources reports, and the initiation of community projects for employing the unemployed.

USDA Plant Location Center

The Rural Community Development Service operates an industrial plant location center, which is available to industrial representatives. The center contains files giving information about rural communities and possible industrial locations. State and local industrial development organizations have been invited to contribute brochures, OEDP's and similar materials to be included in the files of this center. Industrial representatives also are assisted in making appropriate contacts with State and local development agencies.

Rural Development Loans and Grants

The U.S. Department of Agriculture has many programs that can assist communities in becoming better places to live and work. Grants and loans available from the Farmers Home Administration for such things as water and waste disposal systems, recreational development, and housing loans available to individuals and groups can assist communities in preparing for industry. Group loans to low-income com-

munities that have definite prospects for industrial expansion have been assigned priority.

Water and waste disposal systems.—Loans and grants are made to public bodies and nonprofit organizations for the construction of adequate rural community water and waste disposal systems to serve rural areas and towns of not more than 5,500 population. The maximum amount of assistance available for any one facility is \$4 million, for a maximum period of 40 years with an interest rate not greater than 5 percent. Grants cannot exceed 50 percent of the development costs.

Recreation and housing.—Similar loans are available to public bodies and nonprofit organizations in rural areas to finance recreational facilities and services, including swimming, golfing, boating, fishing, camping, picnicking, and other types of rural recreation activities.

Long-term, low-interest rural housing loans are available to farmers and other rural residents to construct and repair homes, essential buildings, and to finance the purchase of sites. Housing loans also are available to provide rental housing for senior citizens and low-and moderate-income families.

Rural utilities and conservation.—The Rural Electrification Administration makes low-interest, long-term loans to provide electric and telephone service to all rural areas and towns. REA borrowers also can provide financial and technical assistance to develop projects in their service areas.

The Soil Conservation Service provides financing and technical assistance, under Public Law 566, for watershed developments and community water supplies.

State Development Agencies

The various States have enabling legislation to carry out economic development and planning programs of varying types. These include financing through State development corporations, the establishment of county and municipal development associations, statutes enabling the organization of local development corporations, and technical assistance from State development and planning agencies. As indicated above, the

participation of these agencies may be voluntary or required as a part of Federal development programs, or they may be administered separate and apart from Federal aid.

Most State development agencies carry on active industrial promotion programs, and provide assistance to industry in finding locations

for new plants. Extension staffs should become familiar with their activities and coordinate all educational programs with State development activities. Many States also provide excellent guides and technical assistance for the use of communities in planning and implementing local development programs.

Sources of Information and Counsel

County Extension agents and other agency representatives on USDA Technical Action Panels will assist community leaders in initial consideration of the need and potential for new and expanded industry. Extension agents cooperate closely with other Federal and State agencies and with local development interests. Officials of the chambers of commerce can be especially helpful in planning promotional efforts.

Many railroads, utility companies, and rural electric cooperatives maintain industrial planning departments for the purpose of assisting community development activities.

State planning and development agencies should be contacted at an early stage of industry planning for advice and assistance. Representatives of these agencies can advise on legal requirements, base studies, planning assistance, and industry contacts. They may also assist with appropriate local organizations, development districts, and regional planning.

County Extension offices can supply educational literature describing Federal financing programs and will give assistance in preparing plans and making applications.

Selected References

1. Management and Economics Research, Inc., *Industrial Location as a Factor in Regional Development*, U.S. Department of Commerce, Economic Development Administration (under contract), 1966, 119 pages. (For sale by Superintendent of Documents, Government Printing Office, Washington, D.C. 20402, 60 cents.)

2. Theodore K. Pasma, *Characteristics of 63 Modern Industrial Plants*, U.S. Department of Commerce, Economic Development Administration, 1966, 135 pages. (For sale by Superintendent of Documents, Government Printing Office, Washington, D.C. 20402, \$1.75.)

3. Howard D. Bessire, *Techniques of Industrial Development*, Hill Printing Co., Post Office

Box 151, El Paso, Tex. 79942, 235 pages, 1965. \$7.50.

4. John H. Nixon, *Community Economic Development Efforts—Five Case Studies*, Supplementary Paper No. 18, Committee for Economic Development, 711 Fifth Avenue, New York, N.Y. 10022, 1964, 349 pages, \$2.75.

5. Berry, Brian J. L., *Strategies, Models, and Economic Theories of Development in Rural Regions*, Agriculture Economic Report No. 127, Economic Research Service, USDA, 1967. Free.

6. Spiegeleman, Robert G., *Analysis of Urban Agglomeration and Its Meaning for Rural People*, Agriculture Economic Report No. 96, Economic Research Service, USDA, 1966. Free.

Cooperative Extension Work : United States Department of Agriculture and
State Land-Grant Universities Cooperating.

